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FISCAL IMPACT STATEMENT

LS 7194

BILL NUMBER: HB 1498

NOTE PREPARED: Jan 6, 2003

BILL AMENDED:

SUBJECT: Licensing of Electricians.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill consists of the following provisions:

A) The bill establishes the Electricians Commission. This bill requires electrical contractors and journeyman electricians to obtain a license from the Commission. It establishes testing requirements to obtain a license. The bill also establishes rules and fees governing electricians to be adopted by the commission, with license suspension and revocation possible for noncompliance.

B) The bill allows political subdivisions to enact regulations. It forbids licensure by political subdivisions.

C) It also establishes the Electricians Recovery Fund consisting of fees and surcharges collected by the Commission. The bill allows recovery from the Fund by an aggrieved party up to \$30,000 per judgment, with a lifetime limit of \$75,000 with respect to an individual licensee. It requires suspension of a judgment debtor's license until the Fund has been repaid with interest for payments made to an aggrieved party.

D) The bill provides for one year temporary license without testing to persons who have worked as an electrician for at least four years. The bill also suspends disciplinary actions and sanctions under the law until January 1, 2004.

Effective Date: Upon passage; July 1, 2003.

Explanation of State Expenditures: *Provision A* - This bill creates the six-member Electricians Commission. The Professional Licensing Agency (PLA) and the Department of Administration will share the costs associated with administering the Commission. The fiscal impact of this bill on the agencies is

based on board member expenses and administrative expenses.

Board Member Expenses: Each board member would receive travel expense reimbursement and compensation for expenses incurred in the performance of the Commission's duties. Assuming each member will travel at least 60 miles to a meeting, the cost for each member is estimated at approximately \$42. It is estimated that the average cost for the Commission would be approximately \$250 per meeting. If the Commission was to meet once a month, the annual cost would be approximately \$3,000. All expenses accrued by the Commission would be paid out of the General Fund.

Administrative Expenses: Additional expenses include printing costs for applications and forms, and postage for reissue notices of the new proposed license. Based on the PLA's estimates, the costs associated with license and renewal forms is approximately \$190 per one thousand forms. Postage costs \$0.25 per license and \$0.34 per renewal.

This proposal also requires the PLA to provide a secretary of the Commission. The PLA already has an executive director that would be able to carry out the responsibilities of the secretary. However, one to two additional COMOT 3 positions may be needed to manage a new board. If additional staff is needed, the cost of one position is approximately \$31,800 in FY 2004 and \$31,200 in FY 2005, and the cost of two positions is \$63,700 in FY 2004 and \$62,500 in FY 2005. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations.

As of December 2002, the PLA employed 47 authorized full-time staff members; three positions were vacant. The vacant positions were a Program Coordinator and two Secretaries. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions. All expenses incurred in administering the Commission shall be paid out of the State General Fund.

Explanation of State Revenues: *Provision A* - The Commission may establish fees for the examination and licensure of electrical contractors and journeyman electricians. Presumably, fees will be set at a level designed to cover expenses. The amount of revenue that will be generated by this proposal is indeterminable, but will depend on the number of electricians who seek licensure.

Provision C - This bill also establishes the Electricians Recovery Fund, which allows recovery from the Fund by an aggrieved party up to \$30,000 per judgement, with a lifetime limit of \$75,000 with respect to an individual licensee. The Commission shall charge a \$75 fee to an electrical contractor and a \$30 fee to a journeyman electrician upon initial licensure. This fee is to be deposited in the Fund and is in addition to the licensure fee. The Commission may also assess a surcharge on an electrical contractor who receives an initial license or renewal license in order to ensure the Fund sustains a \$500,000 level in a given year.

Money in the Fund does not revert to the State General Fund at the end of the fiscal year. However, any money in excess of the \$500,000 level, after paying expenses and claims, shall revert to the State General Fund. The Fund is to be administered by the Commission.

Penalty Provision - Any person who acts or advertises as an electrical contractor or journeyman electrician without first obtaining a license or continues to act after a license has been suspended, revoked, or otherwise restricted commits a Class A misdemeanor. Also, any person who fails to renew a license and continues to

act as an electrical contractor or journeyman electrician commits a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class A misdemeanor is \$5,000. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: *Provision B* - Some local governments are currently considering licensing electricians. If state licensure occurs, these local agencies could stop licensing locally and remove or reallocate staff resources.

Penalty Provision - A Class A misdemeanor is punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44. A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Provision B* - Some local governments are already licensing home inspectors. If state licensure occurs, these local agencies would be required to stop licensing at the local level and would no longer be able collect licensure fees. However, this bill does not prevent a local officer from requiring registration of electricians and charging a fee.

Penalty Provision - If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Professional Licensing Agency; Department of Administration.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Professional Licensing Agency.

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